

No. 13,389

United States Court of Appeals
For the Ninth Circuit

ROLLEY, INC.,

Appellant,

vs.

JAMES L. YOUNGHUSBAND and HOWARD
YOUNGHUSBAND, co-partners, doing
business as Consolidated Cosmetics
and Les Parfums de Dana, Inc.,

Appellees.

Appeal from the United States District Court for the Northern
District of California, Southern Division.

APPELLANT'S OPENING BRIEF.

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PART ONE: PRELIMINARY STATEMENT.

This is an appeal from judgment and perpetual injunction of the United States District Court, Northern District of California, in favor of plaintiffs-appellees and against appellant, defendant and cross-complainant below, enjoining the appellant from using an unregistered trade name and mark VOODOO appropriated by its predecessor in interest in the year 1934 and thereafter continuously used by appellant and its predecessor upon and as a distinguishing mark for a scent or perfume in cosmetic products manufactured and sold by them within the States of California,

Washington, Oregon, and Nevada, the District of Columbia, and Territories of Alaska and Hawaii.

Appellees' predecessors secured an unopposed registration with appropriate agencies of the United States in the year 1939, a second registration with such agencies in the year 1946, and with those of the State of California in the year 1950 of the same name and mark, making token sales of nominal amounts of their products under the name and mark in the year 1944 and their first merchandising of products under the name and mark in the year 1949.

Upon appellant's discovery of advertising by appellees under the name in the year 1949, further use of the name was protested by appellant and appellees instituted the action below seeking an injunction. Appellant filed a cross-complaint seeking an injunction and accounting upon appellees' infringement.

Judgment was entered after a plenary trial and hearing; the evidence is without substantial conflict; and the principal question of substantive law presented by this appeal may be stated as follows:

Is not the owner of a trade name and unregistered trade-mark, appropriated in the year 1934 and thereafter continuously used in actual merchandising of the owner's products identified with such name and mark, entitled to judicial relief as against an infringer claiming appropriation in 1938, Federal registration in 1939 and California registration in 1950?

The rationale of decision below is that the asserted misuse by appellant's predecessor in interest of trade-marks of third persons, unrelated to any party to

the action, prior to the year 1943 required injunctive relief to appellees, the Court stating (on the motion for new trial) in part as follows:

“The Court. Let me say kindly to you that I was in complete sympathy with your client, starting at a shoe stand up there, and he had some ability and developed this perfume, but he clearly violated the law.

Mr. Hutchinson. With respect to Voodoo, Your Honor?

The Court. Yes.

Mr. Hutchinson. In what manner, sir?

The Court. You are familiar with the record?

Mr. Hutchinson. Yes, I am.

The Court. I say that kindly. I was trying to find a way to help him sympathetically, which has no place in the law.

Mr. Hutchinson. In equity, I think, Your Honor; not sympathy, to be sure.

The Court. I make that statement to you so that you may have some record on it. I have re-hashed this case in the manner your suggest. It has been gone over. I will hear from counsel.”

* * * * *

“The Court. No question in my mind. Now, I hope if this case goes forward you prevail. It won't hurt my pride the least bit. Motion will have to be denied.” (Transcript of Record, pages 282-283.)

References herein are as follows:

Transcript of Record	TR
Plaintiffs' exhibits*	PX
Defendant's exhibits	DX

*By stipulation, the physical evidence has been brought forward in original form.

Unless otherwise indicated, emphasis, omissions and insertions in quotations are supplied by the writer.

**PART TWO: STATEMENT AS TO JURISDICTION
AND OF THE CASE.**

I.

STATEMENT AS TO JURISDICTION.

Jurisdiction of the District Court was invoked under Title 28, United States Code, reading in part:

“Sec. 1332.

(a) The district courts shall have original jurisdiction of all civil actions where the matter in controversy exceeds the sum or value of \$3,000 exclusive of interest and costs, and is between:

(1) Citizens of different States; * * *”.

and

“Sec. 1338.

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws.”

upon the allegations of the complaint, reading as follows (TR 3-4):

“1. Plaintiff, James L. Younghusband and Howard Younghusband, both residents and inhabitants

of the State of Illinois, * * * complains against Rolley, Inc., a corporation organized and existing under the laws of the State of California and having its principal place of business at San Francisco, California, a resident and inhabitant of the State of California * * *

2. This is an action under the trade mark laws of the United States and between citizens of different states, in which the amount in controversy exceeds, exclusive of interest and costs, the sum of \$3,000.00”

which allegations were admitted in the answer and cross-complaint (TR 11 and 17) and found to be true by the District Court in the judgment (TR 42-44).

The jurisdiction of this Court has been invoked under Title 28, United States Code, reading:

“Sec. 1291. The courts of appeals shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the District Court for the Territory of Alaska, the United States District Court for the District of the Canal Zone, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court.”

by the timely taking and perfection of an appeal from a final judgment and writ of injunction based upon the facts and subject matter alleged and found as above set forth.

II.

STATEMENT OF THE CASE.**A. THE QUESTIONS PRESENTED.**

Upon the whole record, the following reversible errors appear, namely:

1. The judgment would erroneously protect an asserted trade-mark resting entirely upon registration, in 1939, and would deny relief to the owner of an unregistered trade-mark lawfully appropriated in 1934 and lawfully and continuously used in merchandising from that date to the date of judgment;

2. The findings and conclusions of ownership of the trade-mark in appellees are contrary to all the evidence and to controlling substantive law;

3. Appellant was denied the opportunity of a fair trial by irregularities in the proceedings in that, over timely and adequate objection, appellees were permitted to introduce evidence upon the following matters, to-wit:

(a) trade-marks neither claimed nor used by appellant or its predecessor;

(b) asserted wrongdoing of appellant's predecessors with respect to third persons not related to any party, or any predecessor of any party, to the action;

(c) asserted wrongdoing of appellant's predecessor claimed with respect to subject-matter unrelated to any property, right or claim asserted by any party to the action; and

(d) asserted wrongdoing having occurred more than seven years prior to commencement of the action.

4. Appellant's motion for a new trial was erroneously denied for each of the foregoing reasons.

B. SUMMARY OF THE RECORD.

1. RELATIVE TO THE SUBSTANTIVE QUESTION.

Since it cannot be disputed that the record, in the light of the applicable common law and statutes and registration legislation set out in Part Three: Argument, *infra* herein, presented the single substantive issue of first appropriation and use of the trade-mark VOODOO as between the respective parties, we summarize these portions of the record pertinent to that issue.

The Evidence.

The unchallenged and undisputed evidence on this issue demonstrates the factual situation following.

Appellees have variously engaged in a considerable traffic in the registration and transfer of trade-marks referable to perfumes and cosmetics (TR 73-88) and appellee Dana has, since sometime during or subsequent to the year 1948, advertised and merchandised¹ such products under the trade-mark VOODOO (TR 89-91 and 93-95; PX 22, 23, 42 through 84).

¹Apparently, the original plaintiffs in this action had no interest or right in its subject matter at the date of its commencement, Dana having theretofore acquired all rights therein. (See PX 16 and TR 87-89 and 97.)

Appellant raised no issue as to the fact of registration of VOODOO by appellees' predecessors, devolution of title to the certificate of registration and ownership by appellees of such rights as registration alone may have conferred, but specifically reserved the issues of bona fide use prior to appellant's appropriation and use of the trade-mark VOODOO and specifically reserving the objection that registration did not confer ownership of the trade-mark (TR 80-81).

Appellees' first registration of VOODOO as a trade-mark (number 363,746) was issued on January 3, 1939, and republished on August 9, 1949 (TR 80-81, PX 8) and claimed appropriation on September 10, 1938.² As the registrations were unopposed, the evidential showing, if any, in support does not appear.

There is no evidence of appropriation or of any use of the trade-mark VOODOO by appellees until May 30, 1944 (TR 97). These sales number two purported sales of the latter date, mailed to one person each in the States of New York and California of nominal quantities and value (PX 85). The next sales were: one on August 22, 1944, to the California consignee of one dram of perfume; one in 1945 and, in 1946, two nominal mailings to the same California recipient, one Terrill, of South Pasadena, California (PX 85). Whether such mailings were solicited does

²Appellees are precluded from claiming appropriation of VOODOO prior to the date claimed in the application for registration. *Walgreen Drug Stores v. Obear-Nestor Glass Co.*, 113 Fed. (2d) 956, certiorari denied, 311 U.S. 708 and 730.

not appear. No advertising or catalogue or price list references to VOODOO at this time was produced.

The first advertising of VOODOO by appellees relates to the years 1949 and subsequent periods (PX 44 through 48).

The first bona fide merchandising³ of appellees' products under the VOODOO trade-mark occurred in 1949 (PX 95).

Appellees' advertising and sale of its products under the trade-mark VOODOO first came to the attention of appellant in late 1949 (TR 171-173) whereupon its use was protested in writing (TR 173-177; DX B through Q).

Appellant was incorporated on April 30, 1946, and thereupon purchased the good will, accounts, stock in trade, trade-marks, including VOODOO, names and other properties of Charles A. Rolley, then doing business as Rolley Perfumes, and thereafter engaged in the manufacture and sale at wholesale and retail of perfumes and cosmetics at San Francisco and throughout the States of California, Washington and Oregon, the District of Columbia and the Territories of Hawaii and Alaska and to a limited extent elsewhere (TR 156, 170-171; 183-184; 215-217).

Mr. Charles A. Rolley, appellant's assignor, undertook the compounding of perfume in 1933 (TR 161-163). The first such operation was the experimental

³The "made" sales of 1944-1946 must be disregarded, as intended for "laying a basis" for application for registration.

See:

Phillips v. Hudnut, 263 Fed. 643, 644.

preparation of original and unnamed compounds prepared by him as Christmas presents to receptionists, cashiers, and sales persons who had favored Mr. Rolley by referring persons to him as customers in his newly-started service business of dyeing, restoring and cleaning of shoes, leather and suede wearing apparel, and the like (TR 161). Such experimental efforts having been well and encouragingly received (TR 161-162), Mr. Rolley determined to undertake compounding of perfumes upon a larger scale for the purposes of sale. This occurred in early 1934 and continued until the transfer of his perfume and cosmetic business to cross-complainant in 1946 (TR 162; 169-171). Meanwhile, and during the late 1930's, the volume of his cosmetic business had increased to equal or exceed his dyeing business (TR 189), and by 1943 he had withdrawn from all other business activities and devoted his full time, as well as that of all his employees, to the preparation and vending of perfumes, scents, colognes, and other cosmetics (TR 169-170). Until the beginning of the year 1943, all cosmetic sales were at retail for cash in his retail establishment maintained in downtown San Francisco (TR 169). From 1943 onward, extensive wholesale operations were conducted in addition to, and in conjunction with, such retail stores. Purchase orders and invoices relating to such wholesale activity were received as defendant's Exhibits "A-1 through D-1" and "X through Z" (TR 183-194). As no credit operations were carried on in the retail business and current "sales slips" had been destroyed before appellees' in-

fringements were discovered (in 1949) detailed records of the items sold are, naturally, not available for the years 1934-1943 (TR 179-181).

The evidence of Mr. Rolley's appropriation and use of the name and trade-mark VOODOO on cosmetics in 1934 and consistently thereafter is extensive, detailed and unchallenged.

The name was suggested to him by Mrs. Rolley, his wife. Her testimony is in part (TR 267-268; 270-274):

"Q. I call your attention to the name VOODOO, and I will ask you if you at any time had any discussion with Mr. Rolley regarding that name as a name for perfume?

A. I certainly did. I was the one that suggested the name to him.

Q. Do you recall approximately when you suggested it to him?

A. Well, I would say that it was about a year after he had made his first perfumes."

* * * * *

"Q. Will you tell us briefly what you observed with regard to the name VOODOO?

A. Well, I saw the bottle as a finished package, with the contents in the bottle, and I saw the label and I also saw the labels before they were put on the bottle."

* * * * *

"Q. I have here a container bearing No. 54, and I will ask you to examine it and state what it is, if you know?

A. Yes, I remember it well. It is the original VOODOO, No. 54."

* * * * *

“Q. How long, if you know, was it in your home?”

A. Well, I have had it for quite some time. I would say that that product is about, or that bottle is about sixteen, eighteen years old.”

* * * * *

“Q. Did you see any in his place of business bearing that label in the year 1934?”

A. Yes.

Q. And is the same true or not true with regard to the year 1935?”

A. Yes.

Q. Is your answer the same with regard to the years 1936, 1937, 1938, 1939 and 1940?”

A. That is right. We have always had it.”

* * * * *

“Q. Did you have any display of Rolley products there [Mier and Franks, Portland, Oregon]?”

* * * * *

“A. Everything in that department was Rolley’s.

Q. Did you display any VOODOO products there?”

A. Yes.

Q. Did they bear the VOODOO LABEL?”

A. They certainly did.

Q. What year was that?”

A. ’43.

Q. And did you continue that concession beyond 1943?”

A. Yes, 1943, 1944, 1945.”

Mr. Moreland a manufacturers’ agent for essential oils in San Francisco, who assisted Mr. Rolley in acquiring the latter’s original supply of raw mate-

rials for perfume in 1933-1934 testified, in part (TR 227):

“Q. With reference to that period, say, 1935, 1936, earlier than that do you recall any particular name?”

A. And it was about that time, I think, there was quite a lot of talk about some Voodooism down in Porto Rico, somewheres around in there, and so I remember he had the name ‘VOODOO’, and I couldn’t understand what the dickens relation the name ‘VOODOO’ had to perfume but it wasn’t any of my business * * *”

Miss Homilius a tenant of the same building (212 Stockton Street) with Mr. Rolley, in 1933 and subsequently, testified with regard to the appropriation and use of the name and mark VOODOO in part as follows (TR 240-242, 245):

“Q. Do you recall when you first became acquainted with him?”

A. Oh, it would be back in 1932.”

* * * * *

“Q. Do you recall any of the names of the earlier products he used?”

A. Yes, I think I do. One is VOODOO.

Q. When do you recall first having seen or heard the use of VOODOO in connection with any of his perfumery products?”

A. Well, it was shortly after that, after 1933 or something like that.

Q. In other words, rather shortly after you had become acquainted with him?”

A. That is right.”

* * * * *

“Q. To the best of your recollection, then, you think VOODOO was used about 1933 to 1934?”

A. That’s right.”

* * * * *

“Q. In your discussions with Mr. Rolley of names of perfumes, did you ever discuss with him the name VOODOO, make any comment on it?”

A. Yes, I did, because I wanted to know the origination of the name. In fact, I called the word ‘HOODOO’.”

Mrs. Lobhard (Nee’ Menth) a designer and maker of suede and leather clothing and costumes, associated with Mr. Rolley and a joint user of the same business location from 1939 until 1941 and selling perfume for him on occasion during that period, testified to Mr. Rolley’s then use of VOODOO as a name and mark, in part (TR 236):

“Q. Calling your attention to the name VOODOO, did you see or hear or observe the name, notice the use of VOODOO during that same period you knew Mr. Rolley’s perfume?”

A. Yes, I remember it. He told me he had that name, and I could see no connection with it in regard to perfume. That is the reason I remember the name.”

Mrs. Anis, who was employed by Mr. Rolley from 1940 until the incorporation of appellant and thereafter to the present time by it, testified in part (TR 251-252; 254-257):

“Q. When did you first start to work for him?”

A. February or March 1940.”

* * * * *

“Q. At that time did you observe any product that was designated as VOODOO or by the name VOODOO?”

A. Yes.”

* * * * *

“Q. Will you state what, if anything, you observed, Mrs. Anis, with regard to bottles of any nature bearing any label making reference to VOODOO?”

A. We had some VOODOO strips, the old style which came in strips about one half by four, about twelve or fifteen names, horizontal, instead of the individual pieces we have now.”

* * * * *

“Q. And at that time was there any wholesale business conducted by Mr. Rolley?”

A. Yes.”

* * * * *

“The Court. In what year?”

A. It must have been '42, 1942.

The Court. 1942?”

* * * * *

“Q. At that time do you recall the use of VOODOO as a name for perfumes in connection with Mr. Rolley's business?”

A. Yes.”

* * * * *

“Q. Did you personally at any of these times sell any VOODOO products?”

A. Yes.”

* * * * *

“The Court. When did you sell these VOODOO products?”

* * * * *

“The Court. Just a minute. You will have to try to fix the time as near as you can.

A. Oh, Christmas, '42.

The Court. 1942?"

* * * * *

"Q. From that time on did you continue to sell VOODOO products for Mr. Rolley or subsequently the Rolley Company?

A. Excuse me, sir, I wasn't strictly a sales person, so I could say that I sold it continuously.

Q. I understand. You did so from time to time?

A. Yes."

* * * * *

This witness also identified VOODOO labels on hand and used in 1942, those used later, invoices and purchase orders for wholesale accounts referring to VOODOO and to stock "54" used for VOODOO and similar documentary evidence above noted.

Mrs. Wiggby, one of Mr. Rolley's customers [1942] testified in part (TR 246-247).

"Q. Calling your attention to the name VOODOO, did you see that displayed at that time in conjunction with any of his perfume products?

A. Yes.

Q. Did you personally purchase that commodity?

A. Yes, I did."

* * * * *

"Q. In shopping for other friends, rather, your friends that you would shop for, did you purchase VOODOO products for them?

A. Yes."

Mr. Rolley testified fully to his appropriation of the name and mark VOODOO in 1934 and continued

use thereafter until his assignment to cross-complainant and by it thereafter, first in his discovery deposition (TR 112-154) secondly, on direct examination (TR 156-194, 265-266) and finally on cross-examination (TR 186-221) without challenge or conflict. His testimony in the discovery deposition (offered by appellees) (TR 126, 132, 139, 140, 145) is in part:

“Q. Now, when did you first use the trademark VOODOO on or in connection with perfumes or colognes?

A. Some time in 1935 and possibly 1934.

Q. About what date?

A. I don't recall the exact date now. It was some time in the summer of—1934 or 1935.”

* * * * *

“Q. When did you first sell VOODOO perfume to any store?

A. 1943.

Q. Prior to 1943 you confined your sale of VOODOO perfume to those who purchased it for their own use?

A. I confined all my perfume business to those that used it for their own use.”

* * * * *

“Q. Now, have most of your sales of VOODOO perfume and cologne been in San Francisco and California?

A. Recently the biggest percentage of it has been, yes.”

* * * * *

“Q. Well, now, in the past—

A. Not a few years ago it wasn't. A few years ago we sold more VOODOO perfume wholesale throughout parts of the United States than we did retail.

Q. Now, what other places that you sold VOO-DOO perfume than Seattle, Washington?

A. Seattle, Washington; Honolulu, Hawaii; Sacramento, California; Washington, D. C.; Alaska; Oakland."

* * * * *

"Q. So that any rights that you claim to the trade-mark VOODOO are not based on registration of any name?

A. It is based on usage."

The documentary and other physical evidence demonstrates the appropriation of the trade-mark VOO-DOO in 1934 by appellant's predecessor and continuous use in merchandising thereafter.

The Pleadings.

On May 8, 1950, appellees commenced the instant action for an accounting and injunctive relief for asserted infringement of their registered trade-marks: TABU, FORBIDDEN and VOODOO; alleging ownership in general terms and registration under acts of the Congress to their predecessors in interest (TR 3-4).

Appellees made no assertion of the dates of appropriation of any trade-mark, stating advertising and sale "for many years" with distinction among them (TR 4-5).

Appellees further alleged use of all described trade-marks by appellant in conjunction with the latter's products of the same general descriptive properties and declared that by such use appellant "wantonly

and wrongfully committed the acts of trade-mark infringement and unfair competition herein complained of" (TR 5-6).

Appellant filed its answer and cross-complaint (TR 11-21) raising issue as to all allegations of the complaint to the extent the same related to the trade-mark VOODOO and asserted appropriation and continuous use by appellant and its predecessor in interest prior to appellees' appropriation and that appellees' registration was unlawful (TR 12-16).

Appellant expressly disclaimed any right or claim in any other trade-mark described in the complaint and denied any use of such other trade-marks (TR 13-14).

By its cross-complaint (TR 16-22), appellant alleged appropriation of the trade-mark VOODOO by its predecessor in interest in 1934⁴ and continuous use thereafter throughout the States of California, Oregon and Washington and the District of Columbia in merchandising cosmetic products of its manufacture (TR 16-17).

The cross-complaint set forth appellant's ownership of the VOODOO trade-mark and its infringement and unfair competition by means of such infringement by appellees and others collaborating with them (TR 17-20).

Appellees by answer raised issues as to the material averments of the cross-complaint (TR 34-39).

⁴This date was substituted for that appearing in the pleading, as filed, by leave of Court before trial (TR 71-72).

The Judgment.

The judgment (TR 42-47) consists of (1) findings of fact, (2) conclusions of law and (3) decree, or order, for an injunction, but omitted award of damages or order for an accounting.

The findings (prepared by appellees) expressly abandon claims of infringement or unfair competition with respect to any trade-mark other than VOODOO (TR 43-44).

It is further found that:

“3. Plaintiff Les Parfums de Dana, Inc., has adopted and used, is now using and is the sole and lawful owner of the trade mark Voodoo for perfumes, colognes and other cosmetics and registration No. 363,746 of January 3, 1939, therefore issued by the United States Patent Office on said date, and is the successor to plaintiffs James L. Younghusband and Howard Younghusband doing business as Consolidated Cosmetics, who were the owners of the said trade mark Voodoo at the time of the filing of the complaint herein.”

* * * * *

“5. Said defendant Rolley, Inc., has at dates later than the first use of the trade mark Voodoo by plaintiffs and without plaintiffs' consent used the trade mark Voodoo on and in connection with the sale of perfume and toilet water, which were not products of plaintiffs.” (TR 42-43.)

The conclusions of law include the following declarations, namely:

“10. The trade mark Voodoo used by plaintiff Les Parfums de Dana, Inc., on perfumes, colognes and other cosmetics and registration No. 363,746

therefor issued by the United States Patent Office and owned by said plaintiff is good and valid in law.

11. Said defendant, Rolley, Inc., has infringed plaintiffs' said registered trade mark Voodoo by the use of the Voodoo trade mark on and in connection with the offering for sale and the sale of perfume and toilet water not originating with plaintiffs and without plaintiffs' consent, and said defendant has engaged in unfair competition with plaintiffs in offering for sale and selling perfume and toilet water as and for Voodoo, which did not originate with plaintiff.

12. Plaintiffs are entitled to a permanent injunction against said defendant to restrain said trade mark infringement and unfair competition." (TR 44-45.)

There is no finding of the date of appropriation or first use of the trade-mark VOODOO by (1) appellees' predecessors or (2) appellant's predecessor.

2. RELATIVE TO THE PROCEDURAL QUESTIONS.

Appellant was denied the opportunity for a fair trial by the erroneous admission of evidence relating to the trade-mark TABU and the variant, Forbidden, not claimed or used by appellant, and to some 29 other trade-marks of other persons, not related to any trade-mark, product or party embraced in this action and neither claimed nor used by appellant. That such inadmissible material was prejudicial is demonstrated by the candid statement of the Court that appellees should recover and appellant should be de-

nied relief only because "he clearly violated the law", (TR 282).

There simply was no issue respecting any trade-mark other than VOODOO.

(a) **The trade-mark "TABU" and its variant "FORBIDDEN".**

In its answer and cross-complaint (TR 11-12) appellant made no claim to any property or right in the trade-marks TABU and FORBIDDEN and restricted its denials, as well as its affirmative averments, to the trade-mark VOODOO (TR 16-21).

In appellant's opening statement, the Court was particularly advised that no issue was presented as to TABU and FORBIDDEN, in part (TR 68-69):

"Counsel has suggested that there is involved here some issue as to TABU and some variants, and FORBIDDEN. That is not the case. The cross complainant and defendant makes no claim to TABU as a trademark or name for perfume, and has not at any time during the case, and has not at any time sold any perfume whatever under the name TABU or any of its variants.

"The use of FORBIDDEN FLAME was made by Mr. Rolley prior to the incorporation of this company, so it has not been used for many years, long since the statute of limitations, assuming it did infringe, which we believe it does not. In other words, FORBIDDEN FLAME on a perfume is as much different from TABU, described as a forbidden property, as any other trade-mark. However, we call attention to the fact it has not been used in many years by anybody connected

with the cross-complainant, and it is not in issue, and merely clutters the record to drag it in.”

At the first offer of evidence respecting TABU, appellant specifically objected to the introduction of the evidence relating to that trade-mark, the offer, objection and ruling being as follows (TR 75):

“Mr. McKnight. Your Honor, at this time I would like to substitute as Exhibit 2 a certified copy for the soft copy that was offered in evidence. Is that satisfactory? Subject to correction if error should appear.

Mr. Hutchinson. Yes. With the exception that this relates, your Honor to TABU and we object on the ground it is incompetent, irrelevant and immaterial and without any issue in this case.

Mr. McKnight. In other words, he is objecting on the merits, which will have to be later determined after your Honor hears the evidence in the case. I merely want to substitute a certified copy for the soft copy.

Mr. Hutchinson. No objection on that ground, your Honor.

The Court. Let it be admitted and marked.”

It was thereafter stipulated that the objection to evidence relating to TABU was subject to the same objection by appellant without repetition. The offer, stipulation and ruling of the Court are as follows (TR 77):

“Mr. McKnight. I now would like to offer a certified copy in place of the soft copy of Registration No. 426,323, subject to the same objection.

Mr. Hutchinson. Can it be understood all these references to TABU and FORBIDDEN in the various exhibits will be offered by you, no objection made to the foundation, reserving the right for cross plaintiff's objection on competency and the issues point earlier made, and that will be to all of these?

Mr. McKnight. That may be understood without repetition.

The Court. Let the record so show."

In submitting the judgment to the Court, appellees themselves abandoned any claim to infringement or other cause of action with relation to TABU and FORBIDDEN, including only the reference reading (except for dates and numbers) as follows (TR 43-44):

"7. Plaintiffs James L. Younghusband and Howard Younghusband doing business as Consolidated Cosmetics have adopted and used, are now using and are the sole and lawful owners of the trade-marks TABU, TABOO and FORBIDDEN for perfumes, colognes and other cosmetics and registrations * * *

8. The defendant having abandoned the trade-mark FORBIDDEN FLAME and discontinued its use, there is no need for any further finding of fact or order thereon."

The expansion of the record by repeated references to trade-marks as to which neither right nor infringement was claimed by the respective parties vastly extended the hearing, was intended to create, and

necessarily created, the impression of wrongdoing on the part of appellant's predecessor in interest.

(b) The references to unrelated trade-marks of third persons.

Evidence relating to some 29 trade-marks concededly belonging to third persons was received over timely and adequate objection by appellant.

Upon the offer of the deposition of appellees' only witness (Gaumer, TR 72-108) to their exhibits and to the offer of the discovery deposition (TR 111-153) of Mr. Rolley, appellant specifically objected to all those portions thereof relating to trade names and products of third persons and unrelated to the parties and their privies and upon the further ground that any asserted use of any trade-mark referred to therein, other than VOODOO, antedated the filing of the action by more than any applicable period of limitations.

These objections and rulings are as follows (TR 108-110; and 153-154):

"Mr. McKnight. I now offer in evidence Exhibits 1 to 100.

The Court. They may be admitted and marked next in order.

Mr. Hutchinson. Subject to the running objection?

The Court. Yes.

* * * * *

Mr. McKnight. I will offer this [Gaumer] deposition also in evidence, together with Exhibits 2 to 100, inclusive.

The Court. Let them be admitted and marked.

* * * * *

Mr. Hutchinson. To the offer of the deposition and to the exhibits as incorporated therein, we wish to object to certain parts in addition to the other objections we have now pending.

First, we would like to object to the receipt of any information where evidence or opinion of the witness with respect to TABU and its variants, and to FORBIDDEN, for the reasons I outlined earlier, namely, it isn't an issue; that those names, TABU, particularly, and variants, have never been used; FORBIDDEN has never been used, and the use of FORBIDDEN FLAME is so far back that the statute of limitations and laches would bar it anyway. No claim is made to it, and therefore I think that it is a very well taken objection.

* * * * *

With regard to the opinion of this witness that the names of these various perfumes as used by specific parties, FORBIDDEN FLAME, and so on, I think should be refused with regard to our main objection. If not, then we make further objection that he is not qualified, nor is any attempt to qualify him made, that he is in a position to give an informed opinion.

And also object to the receipt of judgments as between other persons and agreements as between other persons, they couldn't possibly have any bearing, being matters between another party, couldn't possible be admissions or proof here, and do not relate to an earlier time.

Also wish to object to the portion of the deposition, page 28 and following, with references to the claimed imitation of perfumes and using of

imitative names by the plaintiff, that being obviously a conclusion of the witness, and also being without foundation.

That is our objection, your Honor.

Mr. McKnight. No further comment.

The Court. I will allow the testimony to go in subject to motion to strike and over your objection.

* * * * *

Mr. Hutchinson. I would like to have it noted in the record and called to your Honor's attention that at a proper time we will, of course, object to any claim of reproductions or other things that wouldn't relate to VOODOO, and the evidence is clear it is always being claimed as an original. The deposition is now being offered?

Mr. McKnight. I will offer what I have read for the purpose of the admissions.

Mr. Hutchinson. Very well, I would like to make some reservations under the same understanding I had before, to be ruled on when the case is submitted.

First, I would like to object to portions of the deposition, and I needn't detail them now, that relates to all names other than VOODOO, for the reason stated; and particularly with reference to TABU, FORBIDDEN, and its variants, as referred to there.

* * * * *

Third, reference to all other brand names, those related to other owners, asserted or referred to in the testimony, as well as to those of the cross-complainant and defendant; and, fourth, any reference to the Merle Norman affair. That is entirely a matter before and between other

parties, couldn't possibly refer to VODOODO, and there is nothing in the deposition that suggests any other. And that ruling be reserved until later.

The Court. Very well."

The mass and repetitive effect of such inadmissible material could scarcely be resisted and its admission was prejudicially erroneous and prevented a fair trial to appellant.

3. APPELLANT'S MOTION FOR A NEW TRIAL.

By appropriate and timely motion (TR 47-51) and notice, appellant duly moved the Court for a new trial for the correction of erroneous ruling upon the substantive issues and errors in the admission of evidence.

To the extent the grounds of the motion are to be herein particularly urged, the motion reads:

"I.

The evidence is insufficient to justify the judgment, including, but not limited to, findings respectively numbered 3, 4, 5 and 6;

II.

The judgment is contrary to the evidence, including, but not limited to, the findings thereof respectively numbered 3, 4, 5 and 6;

III.

The judgment is contrary to law and equity, and more particularly in that it would declare valid and protectible by injunctive processes of

the Court a trade name and mark resting entirely upon registration with appropriate agencies of the United States of America, but not with those of the States of California, Washington, Oregon, Nevada, the territories of Alaska and Hawaii or the District of Columbia—(1) without any evidence whatever of actual use of the trade name and mark in said places above named or elsewhere; (2) without any pretended use of the trade name and mark for more than four years after registration; (3) when a pretended use for less than two years was voluntarily abandoned without lawful excuse or explanation and remained so abandoned for more than three and one-half years and six years prior to the commencement of the instant action, and (4) in the face of cross-complainant's lawful appropriation and extensive, open, notorious and continuous use of the trade name and mark, as shown by undisputed and unquestioned documentary evidence, for more than five years prior to the commencement of the action following the appropriation and prior use theretofore of the trade name and mark by plaintiff's predecessor in interest for more than three years, as shown by such documentary evidence, such use having been made, generally and throughout the states, territories and other places above named;

IV.

Irregularities in the proceedings of the Court and on the part of plaintiffs by which cross-complainant was prevented from having a fair trial, including, but not limited to: (1) the presentation and receipt of evidence respecting asserted con-

duct by the predecessor in interest of cross-complainant, relating to (a) other and unrelated trade names and marks asserted by plaintiffs and (b) asserted trade names and marks not owned or claimed by any party, or any predecessor in interest of any party, to the action; (2) the overruling of cross-complainant's timely and valid objections to the offering and receipt of such evidence; and (3) the denial of cross-complainant's timely and appropriate motion to deny said evidence;

* * * * *

VI.

The conclusions of law in paragraph 9 through 12 set forth in said decree are contrary to the evidence and to law, in such cases made and provided, and to applicable principles of equity;

VII.

The provisions of paragraph 13 through 14 are contrary to the evidence and to law, in such cases made and provided, and to applicable principles of equity;" (TR 47-50.)

PART THREE: ARGUMENT.

SUMMARY OF ARGUMENT.

Appellant respectfully submits that the judgment below is unsupported in fact and contrary to law and applicable principles of equity; that the rulings upon evidence were prejudicially erroneous; and that the denial of its motion for a new trial was an abuse of judicial discretion. The first of these submissions are

of a substantive nature and the latter are of the procedural category, though depriving appellant of substantive rights.

Conforming to the outline in the statement of the case (Part Two, II, A, hereof) the questions presented for decision, we first consider the question of ownership of the trade-mark VOODOO.

Factually, the record demonstrates that appellant's predecessor was the first appropriator of the name VOODOO as a trade-mark for cosmetics of a distinctive scent and that appellant and its predecessor had carried on a continuous use of that trade-mark for at least 17 years prior to the instant judgment. The record is equally demonstrative—by every species of proof possible in the circumstances—that this appropriation was accomplished and such use in merchandising cosmetics commenced in the year 1934.

It is the rule of the common law, California statutory law and statutory law in registration of trade-marks, California and Federal, that appropriation and use of a trade-mark is the exclusive means of acquiring ownership. The corollary rule is that registration of a trade-mark neither creates nor confirms ownership of the trade-mark registered. Registration is exclusively designed to provide a procedural means of evidencing an intention to appropriate and to give notice to subsequent appropriators of the fact and time of appropriation of the registered material by the registrant.

Factually, appellees have not claimed appropriation by their predecessors prior to September 10, 1938, as

declared in the application for registration, and are precluded from now asserting any earlier appropriation. Further, appellees do not now assert any claim of appropriation prior to September 10, 1938, more than four years after appropriation and use by appellant's predecessor in interest. It is factually impossible, therefore, to declare appellees' predecessor the first appropriator of the trade-mark VOODOO and, in consequence, it is factually and legally impossible to declare appellees the owners of the trade-mark VOODOO.

Still further, the mere declaration of an intention to appropriate, by application or other means, does not constitute appropriation. Hence, appellees' failure to make any pretended use of VOODOO in merchandising until May 30, 1944, more than five years after registration and more than five and one-half years after declaration of intention to appropriate, prevents assertion of appropriation prior to May 30, 1944.

Finally, the pretended use of VOODOO in the years 1944-1948 was patently to create evidence. The miniscule quantities, dispersion of mailings of the identical date, the retention of such specific records of negligible transactions demonstrates this pretended "use" as making evidence—not bona fide merchandising.

Thus, appellees' first use of the mark was in 1949—ten years after declaration of the intention to appropriate the name VOODOO as a trade-mark.

There are subsidiary deficiencies⁵ in the showing necessary to support the judgment which need not be here noted for the reason that there is a complete and incurable defect in proof of first appropriation and continuous use essential to any finding or conclusion of ownership in appellees.

The candid statement of the Court at the hearing upon the motion for a new trial (TR 282-283, quoted in Part One hereof) discloses that this case was not decided upon any determination of the first appropriator as between these parties.

Appellant must prevail upon this record upon each of the substantive questions presented.

The answers to questions of procedural propriety are equally patent.

The pleadings and the opening statements irrevocably removed from the case every possible issue respecting every trade-mark except VOODOO. It was error, therefore, to admit any evidence respecting TABU and FORBIDDEN over timely objection. Ap-

⁵Appellees may not claim benefits under the 1905 Trade Mark Act (or Amendatory Acts of 1920, 1928, etc.) or the asserted "republication" upon this record under the 1946 Act. The asserted registration under the 1905 Act would have expired on January 3, 1949 (ten years).

Under the 1946 Act republication was required under all contingencies here indicated not later than January 3, 1949, whereas the "republication" claimed was not issued until August 9, 1949.

See:

15 USCA 1062;

Rules 100.301, 100.351 and 100.352;

37 C.F.R. (Appendix 15 USCA, following Section 1127).

Apparently, all claims under the asserted 1939 certificate have lapsed and expired.

pellees' insistence in doing so must be taken as intended to prejudice the trial and decision.

Appellees' further insistence upon intruding references to the trade-marks of third persons must have been activated by the same animus and, as demonstrated, prejudiced the trial and decision.

The prejudice was implemented by the further consideration that any conduct respecting any trademark of any person, other than VOODOO, and assuming it would be admissible against any one at any time, was (1) the conduct of appellant's predecessor at least three years before its creation and (2) had occurred beyond the period of limitations.

We have discovered neither authority nor principle to support the admission of such material in trademark or general litigation in these circumstances.

Even the equitable doctrine of "clean hands", if factually applicable, can never become an affirmative means to recovery; it is a shield—not a weapon of aggression; and can only bar affirmative recovery of equitable relief otherwise available.

The authority to grant a new trial to permit correction of errors by the Court wherein they have occurred was timely invoked and should have been exercised.

I.

**THE SUBSTANTIVE LAW OF TRADE-MARKS
HERE APPLICABLE.**

For convenience, we briefly note the common law, statutes and rule of decision applicable to the issues herein.

A. Ownership and property in trade-marks are acquired exclusively by appropriation.

The principal substantive provisions of law relating to trade-marks and trade names are set forth in the Business and Professions Code of the State of California. These statutes are declaratory of the common law.

See:

Weatherford v. Eytchison, 90 C.A. (2d) 379, 383 [202 P. 1040];

Derringer v. Plate, 29 Cal. 292, 298 [74 P. 359].

The provisions of the cited code deemed particularly pertinent to the facts of this case include the following:

1. Trade-marks.

14200. "Except as otherwise provided in this chapter, a trade-mark may consist of any form, symbol, or name."

14202. "*Any person who produces or deals in a particular thing, may appropriate a trade-mark to his exclusive use, to designate the origin of the thing.*"

14203. “*No person may appropriate a trade-mark which has been appropriated by another person.*”

14270. “*Any person who has first adopted and used a trade-mark, whether within or beyond the limits of this State, is its original owner.*”

14272. “*Any trade-mark may be transferred in the same manner as personal property in connection with the good will of the business in which it is used or the part to which it is appurtenant, and the owner is entitled to the same protection by suits at law or in equity.*”

2. Trade names.

14400. “*Any person who has first adopted and used a trade name, whether within or beyond the limits of this State, is its original owner.*”

14401. “*Any trade name may be transferred in the same manner as personal property in connection with the good will of the business in which it is used or the part thereof to which it is appurtenant, and the owner is entitled to the same protection by suits at law or in equity.*”

The *Civil Code of California* further provides in Section 655 that:

“There may be ownership of * * * the good will of a business, trade-marks and signs, and of rights created by statute.”

These statutes have been in effect for at least 75 years. The cited codes of California further create in the owners of trade names, trade-marks and good will, rights to damages, accounting and injunction for infringement, misappropriation and interference.

See, *inter alia*:

Business and Professions Code, Section 14300;
Civil Code, Section 3369.

The codes of California further provided for the registration or recording of the fact of appropriation and use of trade names and trade-marks (Sections 14229 et seq., *Business and Professions Code*) but—

“In order for plaintiff to appropriate this word as a trade-mark it was not necessary for the same to be registered with the Secretary of State. (Bus. & Prof. Code §§ 14202, 14270; *Ward-Chandler Bldg. Co. v. Caldwell*, 8 Cal. App. 2d 375 [47 P. 2d 758]; 24 Cal. Jur. 623, § 10.)”

(*Cole of California v. Grayson Shops*, 72 C.A. (2d) 772, 777 [165 P. (2d) 963].)

Upon appropriation or use, or both, of trade names and trade-marks in California, the same become “domiciled” in California.

Rainier Brewing Co. v. McColgan, 94 C.A. (2d) 118, 121 [210 P. (2d) 233].

It is the unchallenged rule that state substantive law controls in litigation involving trade names and trade-marks, even when pending in the Federal Court.

Nims, Unfair Competition and Trade Marks,
pages 626, et seq. and pages 511, et seq.;

52 *Am. Jur.* 572, Trade Marks, Par. 90;

3 *A.L.R.* 1226, 1236;

15 *U.S.C.A.* 1114, Par. 5 of annotation,

and cases cited, particularly:

Pecheur Lazenge Co. v. National Candy Co.,
315 U.S. 666, 86 L. Ed. 1103.

See, also:

The Trade-Mark Cases, 100 U.S. 82, 25 L. Ed. 550.

B. Registration does not create or confirm ownership in a trade-mark.

Registration, even innocent registration in good faith, does not create or confirm any right not already acquired by a first and prior appropriation and use.

The rule is succinctly stated in

52 *Am. Jur.* 534-535, Par. 44, Trademarks, Tradenames,

as follows:

“It has frequently been declared that the registration of a trade-mark does not create or confer any additional substantive rights therein; the effect of registration statutes, ordinarily, *is merely to recognize rights which have already been acquired by appropriations*, and to provide additional remedies for the protection thereof. There are some cases which seem to lend support to the view that registration under the Federal statute narrows, rather than enlarges, the substantive scope of protection of a trade-mark, by limiting such protection to use of the trade-mark on competitive goods. * * *

“The admission of a trade-mark to registration is not conclusive as to the validity thereof, *and does not prevent collateral attack thereon*. Under a statute providing for registration, it has been decided that a disputed *trade-mark cannot be appropriated by filing a written claim thereto, al-*

though the original claimant had never filed such a document for registration."

In support of this statement, the authors of this work cite, *inter alia*, the case of

American Trading Co. v. H. E. Heacock Co.,
285 U.S. 247, 76 L. ed. 740,

for which they say:

"The Federal Trademark Act of 1905 does not attempt to create exclusive substantive right in marks, or to afford a refuge for piracy through registration under the act, * * *".

See, also:

United Drug Co. v. Theodore Rectanus Co.,
248 U.S. 90, 63 L.ed. 141.

Mr. Nims, in his leading work

Unfair Competition and Trade Marks, *supra*, further outlines these principles as follows (Section 214, pages 626, 627 and Section 217, page 632):

"A trade-mark is not acquired by registration, or by securing a certificate of copyright for the label on which it appears. Three things must be done to acquire a good title to a trade-mark. First, a name or device must be selected that may be appropriated as a trade-mark; second, it must be applied physically to a vendable commodity or to some label, tag or wrapping used on such commodity, and third, the commodity so marked must be sold on the market. In this way only can a name or device become a trade mark. And one further condition remains: such right to the ex-

clusive use of this name or device must be founded on priority of use.

* * * * *

It is not necessary that it be used in interstate commerce. Such use is, however, essential to Federal Registration." (p. 262.)

* * * * *

"The Supreme Court has said *the exclusive right to the use of the mark or device claimed as a trade-mark is founded upon priority of appropriation; that is to say, the claimant of the trade-mark must be the first to use or employ the same on like articles of production.*

* * * * *

The invention or selection of the mark, or the decision to adopt it is not sufficient to establish trade-mark rights." (p. 627.)

* * * * *

"No particular extent of use is necessary in the case of a fanciful trade-mark. For this purpose one bona fide sale of goods bearing the mark is effective, but it must be bona fide. Thereafter, others must avoid the mark and between rival claimants 'it is the priority of user alone that controls, even though when the defendant comes into the field, it may not be fully established or may not be enough established to have become associated largely in the public mind as the plaintiffs make'." (p. 632.)

See, also, the innumerable cases cited in the annotations to Title 15, U.S.C.A., Section 1052 (Registration), particularly in paragraphs 321 and 325 thereof; and to Section 1051 (Application for Registration), particularly in paragraphs 53, 65, 68 and 69.

We have been unable to discover any authority to the contrary.

It is our submission, therefore, that the Court must accept the rule of decision of these many and uniform holdings of the Federal and State Courts throughout the history of registration legislation as summarized by the authorities above cited, *as the law and the rule of decision to be applied in this case*, namely:

Ownership of a trade name and mark depends upon first appropriation and use, regardless of any registration, State or Federal, and regardless of the first to register, and, further, regardless of registration by one party and non-registration by the other.

II.

EVIDENCE RELATING TO TRADE-MARKS NOT IN ISSUE WAS INADMISSIBLE.

As noted in the statement of the case, a vast amount of evidence was admitted concerning the trade-marks TABU and FORBIDDEN asserted by appellees. As the pleadings, opening statements, admissions and testimony uniformly eliminated all question and issue with respect to these trade-marks, it would appear that no authority is required for the proposition that it was error to receive evidence over timely objection respecting these trade-marks.

It was error, also, to admit evidence respecting the trade-marks and products of third persons in which neither the appellees nor appellant claimed any right.

Res inter alios acta has been recognized as a sound objection since the earliest times.

There appears to be no basis for making a distinction in trade-mark litigation. We have discovered no authority and none was cited by appellees below, holding that a plaintiff may introduce such evidence to establish plaintiff's case in chief.

It may be noted that—even where a moving party seeking affirmative relief may be precluded from recovery by a proper showing that he has acted unfairly—it is the rule that any such showing must be related specifically and directly to the subject matter with respect to which the affirmative relief is sought.

In trade-mark litigation, such defense where available is similarly restricted to a showing upon the specific subject matter of the litigation. Mr. Nims, in his work,

Unfair Competition and Trade Marks, supra
(para. 388, page 1222),

states that evidence may not be introduced to show that a plaintiff has acted unfairly toward third persons with regard to subject matter not connected with the suit at bar and that the defense of unfair dealing must relate to the subject matter of the pending action, citing—

Sperry and Hutchinson v. L. Weber & Co., 161
Fed. 219.

The introduction of this evidence as against appellant was erroneous, in any and all events, for the further reason that appellant had not at any time

engaged in any asserted wrongful conduct with respect to any one, appellees or third persons, and the asserted misconduct claimed by appellees in support of their proffer of evidence of this category concededly related to periods prior to 1943, appellant having come into being in 1946. In trade-mark litigation, it is the accepted rule that asserted misconduct, when available for any purpose, must relate to the parties in suit and that asserted misconduct of predecessors in interest cannot be introduced to the prejudice of an innocent successor.

Mr. Justice Learned Hand, in the case of

Lambert Pharmacal Co. v. Bolton Chemical Corp., 219 Fed. 325,

stated the rule as follows:

“It is pharisaical to visit the sins of one generation upon the next in the aid of those who now seek to trade upon the efforts of the present.”

and Mr. Justice Sanborn, in the case of

Layton Pure Food Co. v. Church, 182 Fed. 24, further stated the principle here applicable as follows:

“* * * the complainant was never guilty of any infringement of any rights of any one, and the sins of the predecessors may not be charged to its account.”

See, also Nims, in his work,

Unfair Competition and Trade Marks, supra (para. 217a, page 631, and para. 393, page 1232).

Finally, evidence of misconduct which is beyond the statute of limitations, or would be barred by laches, may not be admitted, even against the asserted wrongdoer.

See

County Chemical Company v. Frankenberg, 21
RPC 722,

and

Nims, *Unfair Competition and Trade Marks*,
supra (para. 414, page 1298).

There was no evidence proffered or received of any wrongdoing on the part of appellant's predecessor at any time subsequent to the year 1943, seven years prior to the institution of the suit at bar.

The nature of the evidence of these categories and the reaction of the Court make it apparent that introduction of such evidence was prejudicially erroneous and prevented a fair trial.

PART FOUR: CONCLUSION.

It is respectfully submitted that the judgment is erroneous and the findings unsupported on the substantive question of first appropriation and use by appellees' predecessors and, therefore, of ownership of the trade-mark VOODOO in appellees; that the finding of appellees' ownership of the trade-mark VOODOO is contrary to all the evidence in the case because their predecessors were not the first appropriators and undertook no bona fide merchandising

under the trade-mark prior to the year 1949; it is further respectfully submitted that the trial and decision was irrevocably prejudiced by the erroneous admission and consideration of evidence without the issues and scandalous in nature, resulting in a mistrial; and that, for each of these reasons, the judgment should be reversed.

Dated, San Francisco, California,

November 17, 1952.

Respectfully submitted,

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